

# HOUSE BILL No. 1171

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## DIGEST OF INTRODUCED BILL

**Citations Affected:** IC 27-7-17.

**Synopsis:** Disability income insurance. Requires that a policy of disability income insurance must include provisions: (1) allowing for designation of an individual to receive certain notices; and (2) specifying a grace period for premium payment. Specifies that noncompliance does not create liability or a cause of action and may not be used as evidence.

**Effective:** July 1, 2016.

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## Heaton, Mahan

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January 7, 2016, read first time and referred to Committee on Insurance.

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Second Regular Session of the 119th General Assembly (2016)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2015 Regular Session of the General Assembly.

## HOUSE BILL No. 1171

A BILL FOR AN ACT to amend the Indiana Code concerning insurance.

*Be it enacted by the General Assembly of the State of Indiana:*

- 1 SECTION 1. IC 27-7-17 IS ADDED TO THE INDIANA CODE AS  
2 A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY  
3 1, 2016]:  
4 **Chapter 17. Disability Income Insurance**  
5 **Sec. 1.** As used in this chapter, "disability income insurance"  
6 **means insurance against loss of occupational earning capacity**  
7 **arising from injury, illness, or disablement.**  
8 **Sec. 2.** As used in this chapter, "person" means an individual or  
9 **entity.**  
10 **Sec. 3.** This chapter applies to an individual policy of disability  
11 **income insurance that is issued or delivered in Indiana.**  
12 **Sec. 4.** A policy of disability income insurance that is issued,  
13 **delivered, amended, or renewed after June 30, 2016, must include**  
14 **the following:**  
15 **(1) A provision allowing the policyholder to designate at least**  
16 **one (1) individual, in addition to the policyholder, to receive**  
17 **notice of late payment, lapse, and termination of the policy for**



1 nonpayment of premium.

2 (2) A provision as follows:

3 "GRACE PERIOD: A grace period of (insert a number not  
4 less than "7" for weekly premium policies, "10" for  
5 monthly premium policies, and "31" for all other policies)  
6 days will be granted for the payment of each premium  
7 falling due after the first premium, during which grace  
8 period the policy shall continue in force."

9 Sec. 5. (a) This chapter does not create liability or give rise to a  
10 cause of action against any of the following:

11 (1) An insurer.

12 (2) The authorized representative of an insurer.

13 (3) Insurance producers of an insurer.

14 (4) Employees of an insurer.

15 (5) Any person that assists an insurer in complying with this  
16 chapter.

17 (b) Noncompliance with this chapter may not be used in a cause  
18 of action as evidence against any person described in subsection  
19 (a).

